

Audit Review Process Presentation

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Introduction

- Audits are independent reviews of the financial, operational or technical operations of the University to determine the adequacy and effectiveness of internal control policies and procedures and the quality of performance to carry out the assigned responsibilities.

Who Audits the University

- Texas A&M University System Auditors
- Federal Government Auditors
- State of Texas Auditors
- Program Specific Auditors

System Audit Plan

- Annual Meeting with System Internal Audit Group
- Discuss areas that are of concern that may be vulnerable
- Determine specific areas to audit in following next year's audit plan
- System Internal Auditor presents the audit plan to the Audit Committee and is approved by the Board of Regents

Audit Notification

- Engagement letter sent to University President
- Departments affected are notified and if necessary a meeting is conducted by the Office of the Vice President for Finance & Administration

Conducting the Audit

- Auditors request information prior to arrival on campus
- Formal entrance briefing
- Team arrives on-campus and conducts the audit
- Formal exit briefing at the conclusion of the audit

Report of Observations

- Audit team prepares initial draft report and provides it to the University, usually within 30 days of the audit
- University has 2 weeks to review report and provide feedback. Response to the observations is to be processed through VPFA
- Report is revised and then provided to President who must respond within 30 days
- University prepares responses to findings and submits responses through the VPFA

Report on Observations

- A final report is prepared, which includes the University responses, and is formally issued to the President, the Board of Regents and is made available to the public on the System Internal Audit website
- Management – Who is management?

Report Classification for Audit Committee

- Internal Auditor reports quarterly on audit status to the Board Audit Committee
- Reports are grouped as TAB I or TAB II audits
- TAB I classifications apply to audits coded 4 and 5
- Tab II classifications apply to audits coded 1, 2, & 3

Levels of Audit Findings

- Notable – minor to moderate violations of controls, policies & laws
- Significant – Require CEO, Dean, Director or VP involvement for resolution
- Major – most serious and have probability of legal, financial or reputational damage & require Chancellor or Board involvement

Audit Scoring System

- Code 1 – Indicates no observations
- Code 2 – Notable observations
- Code 3 – Many notable and/or some significant observations
- Code 4 – Many significant observations
- Code 5 – One or more major observations

Follow-up Audits

- Internal Auditors will visit campus to verify status of prior audit recommendations
- Findings will be reported to the President and to the Audit Committee of the Board
- President will be required to address reasons for non completion of recommendations
- A subsequent follow-up will be required to once again determine the status of prior audit recommendations.

Conclusion

- We must address recommendations rapidly and in a responsible manner.

QUESTIONS